

IRS News Release

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IRS Updates Hurricane Katrina Tax Relief Guidelines For Taxpayers in Four States, Relief Workers And Others Impacted

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WASHINGTON – With recovery efforts well underway from Hurricane Katrina, the Internal Revenue Service announced today additional details to help ensure that those impacted by the storm get the tax relief to which they are entitled. Notice 2005-73, also released today, has full details regarding the relief.

Taxpayers affected by the hurricane may be eligible for tax relief, regardless of where they live. Deadlines for affected taxpayers to file any returns, pay any taxes and perform other time-sensitive acts have been postponed to Jan. 3, 2006.

In the hardest-hit areas -- those designated by FEMA as "individual assistance areas" -- the tax relief will be automatic, and taxpayers won't need to do anything to get the extensions and other relief available. In areas where FEMA has determined damage is more isolated -- designated as "public assistance areas" -- or for other taxpayers outside the impacted area, people will need to identify themselves as hurricane victims when filing with the IRS.

The IRS will also work with any taxpayer who resides elsewhere but whose books, records or tax professional are located in the areas affected by Hurricane Katrina.

To help identify as many affected taxpayers as possible, the IRS encourages all taxpayers affected by Hurricane Katrina to write "Hurricane Katrina" in red ink at the top of their forms or any other documents filed with the IRS. Taxpayers who need to alert the IRS or have other Katrina-related questions can also call the special IRS disaster hotline at 1-866-562-5227.

The IRS will abate interest and any late filing, late payment or failure to deposit penalties that would otherwise apply. This relief includes the Sept. 15 due date for estimated taxes and for calendar-year corporate returns with automatic extensions; the Oct. 17 deadline for individuals who received a second extension for filing their individual income tax returns; the Oct. 31 deadline for filing quarterly federal employment and excise tax returns; and employment and excise deposits due on or before Jan. 3, 2006. In addition, any disaster-area taxpayer who receives a penalty notice from the IRS should call the number on the notice to receive penalty abatement.

The postponement of deadlines, interest suspension and waiver of penalties apply to any tax return, tax payment or tax deposit with an original or extended due date falling on or after Aug. 29, 2005. In Florida, where Katrina hit first, the date is on or after Aug. 24, 2005.

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Where taxpayers live can affect whether they need to identify themselves as Katrina victims when filing with the IRS. For the hardest-hit counties and parishes – those disaster areas designated by FEMA as qualifying for “individual assistance” – taxpayers with addresses in those areas do not need to contact the IRS to get the extensions and other relief available. In areas where damage is less widespread – the FEMA disaster areas qualifying for “public assistance” – taxpayers should identify themselves as hurricane victims when filing forms and responding to IRS notices and contacts to ensure that they receive the relief to which they are entitled.

This is consistent with the procedures the IRS generally follows for disasters.

Areas covered by the Katrina tax relief and whether the relief is automatic or is based on taxpayer’s self-identification are:

Louisiana

Taxpayers will receive automatic relief in 31 Louisiana parishes designated for individual assistance: Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge and West Feliciana

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in these 33 Louisiana parishes designated for public assistance: Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, Desoto, East Carroll, Evangeline, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, St. Landry, Tensas, Union, Vernon, Webster, West Carroll and Winn.

Mississippi

Taxpayers will receive automatic relief in 47 Mississippi counties designated for individual assistance: Adams, Amite, Attala, Claiborne, Choctow, Clarke, Copiah, Covington, Franklin, Forrest, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston and Yazoo.

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in these 35 Mississippi counties designated for public assistance: Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Clay, Coahoma, DeSoto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Leflore, Lee, Marshall, Monroe, Montgomery, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Webster and Yalobusha.

Alabama

Taxpayers will receive automatic relief in 10 Alabama counties designated for individual assistance: Baldwin, Choctaw, Clarke, Greene, Hale, Mobile, Pickens, Sumter, Tuscaloosa and Washington.

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in these 12 counties eligible for public assistance: Bibb, Colbert, Cullman, Jefferson, Lamar, Lauderdale, Marengo, Marion, Monroe, Perry, Wilcox and Winston.

Florida

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in these 11 Florida counties designated for public assistance: Monroe, Broward, Miami-Dade, Bay, Collier, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa and Walton.

Relief Workers

All workers assisting in the relief activities in the covered disaster areas are eligible for relief whether or not they are affiliated with a recognized government or philanthropic organization. These people should also mark their appropriate forms with "Hurricane Katrina" written in red ink.

Others Affected by Katrina

The IRS will work with any taxpayer who resides elsewhere but whose books, records or tax professional are located in the areas affected by Hurricane Katrina. These taxpayers will need to identify themselves as hurricane victims when filling out their forms by marking "Hurricane Katrina" in red ink.

Previously, the IRS announced a suspension of many compliance activities for 60 days in the affected areas. Based on updated information regarding the impact of the hurricane, the IRS will provide relief from compliance activities until Jan. 3, 2006, in the hardest-hit areas, specifically those designated by FEMA for "individual assistance." Compliance activities in areas declared by FEMA for "public assistance" will be suspended for those taxpayers who identify themselves as impacted by the disaster. Taxpayers with questions in these areas can contact the IRS.

As the recovery continues from Hurricane Katrina, the IRS assures individuals, businesses and tax practitioners that it will continue monitoring the situation and resolve other potential tax administration issues as they arise.